

Defining the Problem

- At a minimum, 15% of Richmond's housing stock is tax delinquent-primarily single family houses;
- Approximately 67% of this stock is vacant;
- >25% can be sold directly by the city;
11% can be sold to non-profit
community development corporations.



Defining the Problem

- There are 2,600 existing homeowners earning less than 30% AMI (\$21,900 per year family of four) paying greater than 50% of their income on housing;
- Richmond is comprised of 55%renters/45% owners; an increase of 5% during last 5 years;
- Median income for owners-\$62,414;
- Median income-family of four HUD is \$72,900.



Defining the Situation

- Median home sales price in late 2014 was \$215,000;
- Average home sales price in 2014 was \$252,000;
- 17% of single family dwellings are renter occupied;
- 31% of housing stock is more than 70 years old.



Defining the Situation

Comparison of Market and Affordable Home Sales Prices

	Very Low Income 50% AMI		Low Income 80% AMI		Moderate Income 100% AMI	
	Affordable Sales Price	% of Sales ¹	Affordable Sales Price	% of Sales ¹	Affordable Sales Price	% of Sales ¹
2 Bedroom	\$132,000	77%	\$217,000	84%	\$275,000	90%
3 Bedroom	\$148,000	42%	\$243,000	64%	\$306,000	80%
4 Bedroom	\$160,000	26%	\$263,000	42%	\$332,000	52%

¹Equals the percentage of total home sales with the same number of bedrooms in the City under the affordable sales price shown.

Defining the Situation

- The cost to acquire and rehabilitate existing homes ranges from \$200,000-\$280,000;
- New infill construction ranges from \$180,000-\$235,000;
- Market prices range from \$130,000-\$180,000;
- The result is current subsidies for affordable homeownership run between \$50,000-\$100,000.



Addressing the Situation

	% of Properties	# Properties Addressed	Cost per Property	Cost
Diagnostic	100%	4000	\$150	\$600,000
Phase 1	25%	1000	\$150	\$150,000
Sub-total				\$750,000



Addressing the Situation

Revenues

Properties Cleared	1,000
Average Outstanding Taxes	\$8,601*
Fund Recovered/Taxes Owed	\$8,600,870
Annual property Taxes	\$2,000**
Incremental Annual Revenue	\$2,000,000
Year 1 Recovery	\$10,600,870
ROI	13.13%

Estimate based on sample size of 78 existing properties;
Average outstanding taxes on 78 sample properties.

Defining the Program

§ 58.1-3970.1 (B)

- Percentage of taxes and liens or percentage of taxes alone shall exceed 20 percent and 10 percent, respectively, of the assessed value of the parcel or parcels if \$100,000 or less;
- Property is not an occupied dwelling;
- Locality enters into an agreement for sale of the parcel to a nonprofit organization to renovate or construct single-family dwelling on parcel for sale to a person or persons to reside in the dwelling whose income is below area median income.



Defining the Program

- Mayor's Anti-Poverty Commission: Engage in talks with Richmond Metropolitan Habitat for Humanity regarding the expansion of the Community Land Trust. Develop a mechanism (LLC) to transfer vacant City-owned houses to interested CDCs.
- Partnership for Housing Affordability: Develop a community land trust to support long term affordable housing.



Solving the Problem

- Community land trusts are designed to ensure long-term housing affordability. The trust acquires land and maintains ownership of it permanently. Prospective homeowners enter into a long-term, renewable lease instead of a traditional sale;
- When the homeowner sells, family earns only a portion of increased property value; remainder is kept by the trust, preserving affordability for the future;
- Provide low and moderate income people with the opportunity to build equity through homeownership; ensure residents are not displaced due to speculation and gentrification.



Solving the Problem

- Foreclosure rates for land trusts have been as much as 90 percent less than conventional home mortgages.
- Typically, at least one-third of a land trust's board is composed of community residents, allows for local control of local assets.
- Many land trusts are involved in a range of initiatives including commercial development projects and community greening efforts.

